



SPONSOR: Sen. Ennis & Rep. Carson  
Sen. Bushweller; Reps. Kowalko, Lynn, Wilson

DELAWARE STATE SENATE  
149th GENERAL ASSEMBLY

SENATE BILL NO. 23

AN ACT TO AMEND TITLE 25 OF THE DELAWARE CODE RELATING TO RENT JUSTIFICATION.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

1 Section 1. Amend § 7042 of the Delaware Code by making deletions as shown by strike through and insertions as  
2 shown by underline as follows:

3 § 7042. Rent Justification.

4 (c) One or more of the following factors may justify the increase of rent in an amount greater than the CP-U:

5 (1) The completion and cost of any capital improvements or rehabilitation work in the manufactured home  
6 community, as distinguished from ordinary repair, ~~replacement and maintenance~~ replacement, and maintenance,  
7 but only as allowed under paragraph (d)(3) of this section.

8 (2) Changes in property taxes or other taxes within the manufactured home ~~community;~~ community.

9 (3) Changes in utility charges within the manufactured home ~~community;~~ community.

10 (4) Changes in insurance costs and financing associated with the manufactured home ~~community;~~  
11 community.

12 (5) Changes in reasonable operating and maintenance expenses relating to the manufactured home  
13 community including, ~~but not limited to:~~ costs for water service; sewer service; septic service; water disposal;  
14 trash collection; and ~~employees;~~ employees.

15 (6) The need for repairs caused by circumstances other than ordinary wear and tear in the manufactured home  
16 community.

17 (7) Market rent. — For purposes of this section, "market rent" means that rent which would result from  
18 market forces absent an unequal bargaining position between the community owner and the home owners. In  
19 determining market rent relevant considerations include rents charged to recent new home owners entering the  
20 subject manufactured home community and/or by comparable manufactured home communities. To be

comparable, a manufactured home community must be within the competitive area and must offer similar facilities, services, amenities and management.

(8) The amount of rental assistance provided by the community owner to the home owners under § 7021A of this title.

(d) A community owner shall not may not do any of the following:

(1) incorporate Incorporate the cost of a civil penalty, criminal fine, or litigation-related costs for rent-related proceedings into rent charged under any circumstance.

(2) A community owner also shall not utilize Utilize as justification for any future rental increase the cost of capital improvements or rehabilitation work, once that cost has been fully recovered by rental increases that were incorporated into a prior rental increase in excess of CPI-U, where the prior rental increase was properly implemented under this subchapter.

(3) Assess as increased rent the costs of capital improvements, except as follows:

a. For capital improvements that total less than \$100,000, rent may be temporarily increased by assessing the cost evenly over a 3-year period.

b. For capital improvements that total \$100,000 or more, rent may be temporarily increased by assessing the cost evenly over a 5-year period.

c. At the end of the applicable 3 or 5 year period of the temporary rent increase, the rent reverts to the pre-capital improvement assessment level.

#### SYNOPSIS

This Act establishes a formula for rent increase based on capital improvements and clarifies that community owners may recoup certain capital costs as increased rent without increasing base rent in perpetuity.

Author: Senator Ennis